GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:3163
ANSWERED ON:15.03.2013
AVAILABILITY AND SUPPLY OF NATURAL GAS
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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the quantity of natural gas produced in the country both from offshore regions and onshore fields at present and its estimated production during the next two years;

(b) whether there is a gap between demand and supply of natural gas in the country;

(c) if so, the details thereof along with the criteria of allocation of natural gas to various units/sectors across the country and the steps taken/being taken by the Government to meet demand of the natural gas in the country;

(d) the requirement of natural gas in power and fertilizer sectors at present and the likely demand during the next two years; and

(e) the cost of production of natural gas and the rate at which it is sold to these sectors?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SMT. PANABAAKA LAKSHMI)

(a) Natural gas production in 2011-12 was 130.3 Million Metric Standard Cubic Metre per Day (MMSCMD) in the country and during the current year 2012-13 (upto December, 2012), natural gas production was 114.1 MMSCMD.

The projected natural gas production during the next two year i.e. 2013-14 and 2014-15 is about 113.2 MMSCMD and 132.5 MMSCMD respectively.

(b) & (c) Against the consumption of 136.44 MMSCMD during April 2012 - January 2013, the availability of domestic natural gas is only around 96 MMSCMD. The balance is imported. Administered Price Mechanism (APM) gas was allocated by Gas Linkage Committee (GLC) to various entities till it was dismantled. No APM gas allocations are made now. As far as non-APM gas is concerned, which is produced from new fields of nominated blocks of National Oil Companies, allocation is done as per "pricing & commercial utilization of non-APM gas" Guidelines of MoP&NG. The New Exploration & Licensing Policy (NELP) gas is allocated as per the Gas Utilization Policy decided by the Empowered Group of Ministers (EGoM) constituted to decide issues pertaining to commercial utilization of gas under NELP.

Several measures have been taken by the Government/Oil PSUs to accelerate the production and to meet demand of the natural gas in the country, which inter-alia includes the following:

(i) Carving out more and more areas for exploration for offer under various rounds of New Exploration Licensing Policy (NELP)/Open Area Licensing Policy (OALP).

(ii) Exploring alternate energy sources such as Coal Bed Methane (CBM), Shale Gas/Oil and Gas Hydrate etc.

(iii) Acquiring oil and gas assets abroad by oil PSUs.

(iv) Sourcing gas through trans-national Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline.

(d) The demand of natural gas in power & fertilizer sectors during the current and next two years as per 12th plan document is as follows:

(figure in MMSCMD)

Sector	2012-13	2013-14	2014-15

Power 135 153 171

Fertilizer 62 110 113

(e) The cost of production of natural gas depends on several factors such as size of the reservoir, geological and reservoir parameters, extraction technologies being used and type of oil, availability of infrastructures and services, location of the block/field (onland, offshore, deepwater), transportation facilities for natural gas etc. During the year 2011-12, the average cost of per Million Metric British Thermal Unit (mmbtu) natural gas production in major fields under Production Sharing Contract (PSC) regime varied from US$ 1.71/mmbtu to US$ 3.75/mmbtu excluding statutory levies. However, if statutory levies are included the production cost varies from US$ 2.24/mmbtu to US$ 4.27/mmbtu respectively.

Under the PSC regime, the current sale price of natural gas, including CBM varies from a minimum of US$ 2.67/ mmbtu to maximum of US$ 6.79/mmbtu. The sale and pricing of natural gas under the PSC regime is governed by the relevant PSC provisions.

The cost of production of natural gas by Oil and Natural Gas Corporation Ltd. (ONGC) and Oil India Ltd. (OIL) during 2011-12 was US$ 3.59/mmbtu and US$ 3.48/mmbtu respectively.

The price of natural gas produced by the National Oil Companies (NOCs) viz ONGC and Oil is fixed by the Government from time to time. MoP&NG, vide letter dated 31st May, 2010 Fixed price of APM gas produced by NOCs at 4.2 US$/mmbtu less royalty, effective from 01 June, 2010. For customers in North-East, the net consumer price has been fixed at 2.52 US$/mmbtu less royalty.

In North East, OIL is also selling APM gas at US$ 2.52/mmbtu to power and fertilizer customers and non-APM gas at US$ 4.20/mmbtu (less Royalty) w.e.f. 1st June, 2010 on Net Calorific Value (NCV) basis.